

CORRECTED FISCAL NOTE

HB 374 - SB 907

May 7, 2007

SUMMARY OF BILL: Requires the Department of Education to enforce the Individuals with Disabilities Education Act (IDEA) and Tennessee special education laws and to monitor LEAs annually to determine LEA compliance with IDEA. Requires all special education mediations to be conducted by Rule 31 certified mediators and all special education due process cases to be heard by administrative law judges employed by the Secretary of State. The Administrative Office of the Courts shall provide legal training on special education law to the mediators who conduct special education mediation.

ESTIMATED FISCAL IMPACT:

On April 16, 2007, we issued a fiscal note indicating *an increase in state expenditures of \$1,980,000 to the Department of Education, \$77,000 to the Administrative Office of the Courts (AOC) and \$69,000 to the Secretary of State; an increase in local government expenditures exceeding \$100,000; and a decrease in federal expenditures of \$103,500.* Based on additional information from the Department of Education, the estimated fiscal impact of this bill is:

(CORRECTED)

Increase State Expenditures – \$1,980,000/Dept. of Education

Increase Local Govt. Expenditures* - Exceeds \$100,000

Other Fiscal Impact – Shifts approximately \$146,000 in federal IDEA grant funds in the Department of Education to the AOC (\$77,000) and to the Secretary of State's Office (\$69,000) to support the provisions of this bill.

Assumptions:

- The Department of Education estimates that special education receives an average of 60 requests per year for a due process hearing and an average of 46 requests per year for mediation. An estimated 15 actually go to a hearing each year. A hearing takes one to two days (7.5 hrs. a day) and one day of preparation time. Using 23 days of hearings (15 cases x 1.5 days) and 23 days of preparation time, there would be 345 billable hours generated.

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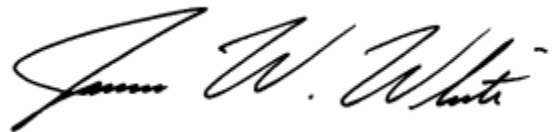
- According to the Department of Education federal IDEA grant funds are currently being used to contract with ALJs to conduct IDEA due process hearings, IDEA mediations and to provide training for such individuals. By transferring IDEA due process hearings and mediations to the Secretary of State's office, the Department of Education could use federal IDEA grant funds to reimburse the Secretary of State approximately \$69,000.
- According to the Administrative Office of the Courts (AOC), the cost to provide legal training on special education law for the ALJs and prepare a training manual is estimated to cost \$77,000. This cost includes a staff position (\$41,000); related costs (\$20,000); and preparation of a training manual (\$16,000). Such costs could be reimbursed to the AOC by the Department of Education with federal IDEA grant funds.
- An interagency agreement would be required between the department and the Secretary of State and the AOC in order for the department to reimburse for actual expenses spent and documented on IDEA mediations, due process hearings and training.
- According to the Department of Education, 136 LEAs are currently monitored every four years for compliance with IDEA requirements. The department has eight positions currently dedicated for this purpose. Under the provisions of this bill, 136 LEAs would now be monitored every year.
- The department indicates that based on the annual monitoring mandate in the bill, 24 additional positions would be needed to carry out this responsibility at a cost of \$1,980,000.
- This estimate is based on annual salary and benefits for 24 positions of \$1,716,000 (\$71,500 x 24); travel expenses of \$144,000; and related expenses of \$120,000.
- Any increase in investigative responsibility due to complaints can be handled by the increase in new staff positions.
- In addition, it is estimated that some LEAs may need to employ part-time staff to aid in the preparation of the annual monitoring process. Since it is unknown how many LEAs would employ additional staff, the increase in cost to LEAs cannot be determined but is estimated to exceed \$100,000 statewide.
- The Department of Education, Division of Special Education, indicates that the department is currently complying with and enforcing the federal (IDEA) mandates and Tennessee special education laws.

- Any cost to the Department of Education to publish the administrative decision on the state website is estimated to be not significant and can be handled within existing resources.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director